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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC #04411-86
22 September 1986

MEMORANDUM FOR: Director of Central Intelligence

THROUGH: National Intelligence Officer for Warning

FROM: Fritz W. Ermarth
National Intelligence Officer for USSR

SUBJECT: Monthly Forecast and Warning Report -- USSR

1. US-Soviet RelationsA. Discussion:

NIO/USSR led off the discussion noting that the Daniloﬀ affair blew up like a summer storm and now threatened a further downturn in US-Soviet relations. The Soviets interpreted the Zakharov arrest as a slap requiring retaliation, but they miscalculated the impact of arresting a journalist (raising some questions in our minds about how well the Americanists around Gorbachev really read the US). It is striking how quickly the Soviets sent signals that they did not want things to get out of control. Yet, with Daniloﬀ now in US custody, the Administration is under pressure to and probably will retaliate. Where all this will lead is not clear, but it has certainly not improved the prospects for an early summit.

State is more optimistic that the Daniloﬀ affair will not seriously disrupt the prospects for a summit, arguing that Gorbachev probably could come to another nonsubstantive summit without incurring serious political damage back home. Gorbachev wants to be seen as a man of peace and another summit will help contribute to that image, even if he does not take home anything concrete. Moreover, it will also contribute to the process of building pressures on the US--either this Administration or the next--for substantive concessions on arms control.

There was general agreement that the Soviets don't really expect to get a comprehensive test ban, even though it would serve both Soviet political and military interests. One internal motivation for the current campaign probably is to lower popular apprehensions about the increased danger of war that were heightened by the war scare campaign in 1982-83.

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B. Warning:

The Daniloff affair could set in motion a series of developments neither side wants. We could be in for a protracted slugging match that could last, conceivably, to the end of the Administration. The majority of the intelligence community has never been as optimistic as the Administration that Gorbachev can afford another summit without concrete US concession on at least some of the arms control issues of concern to the USSR. For one more summit, we do not believe the Soviets will insist on conclusive concessions on SDI but want some movement on that issue, and agreement on at least one of the major arms control issues on their agenda--i.e. START, INF, TTB, CBW.

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2. Soviet Middle East DiplomacyA. Discussion:

There was general agreement that there has been more Soviet activity--in trying to promote Palestinian unity, in attempting to develop support for an international conference, in trying to deal with the problems of radical allies such as South Yemen, and in responding to Iranian overtures for better ties. None of these initiatives, however, hold out much promise of moving things in the direction the Soviets would like to go, and some, such as promoting Palestinian unity under Arafat's leadership, involve exacerbating frictions with key allies like Syria. The only really new wrinkle in recent Soviet activity has been the approach to Israel, and this appears likely to flounder on Moscow's unwillingness to incur Arab wrath for the limited benefits likely to flow from the re-establishment of Soviet-Israeli ties. Israel will pocket any Soviet concessions on emigration and then continue to act as it always has in terms of protecting its own interests vis-a-vis Soviet Arab clients.

B. Warning:

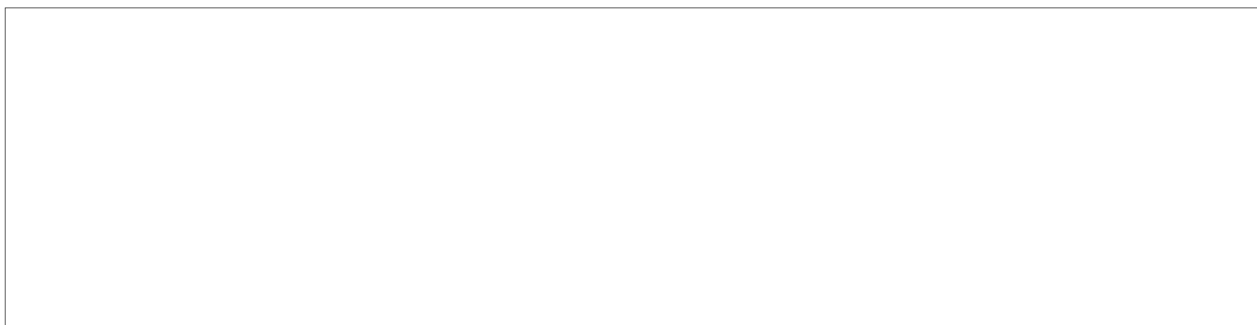
State believes that the Soviets may be willing to resume Soviet-Iranian economic relations as a means of exerting more leverage on Tehran. Others in the community are more skeptical, noting Moscow's unwillingness to contribute to an Iranian victory in the Iran-Iraq war as well as its failure to hold the meeting of the two countries joint economic commission--something the Soviets agreed to do in principle more than two years ago.

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